

## **IC 27-2-10**

### **Chapter 10. Equity Securities of Insurance Companies**

#### **IC 27-2-10-1**

##### **Statement of equity ownership and changes in holdings**

Sec. 1. Every person who is directly or indirectly the beneficial owner of more than ten per cent (10%) of any class of any equity security of a domestic stock insurance company, or who is a director or an officer of such company, shall file in the office of the insurance commissioner of Indiana on or before December 31, 1965, or within ten (10) days after he becomes such beneficial owner, director, or officer, a statement, in such form as the insurance commissioner may prescribe, of the amount of all equity securities of such company of which he is the beneficial owner, and within ten (10) days after the close of each calendar month thereafter, if there has been a change in such ownership during such month, shall file in the office of the insurance commissioner a statement, in such form as the commissioner may prescribe, indicating his ownership at the close of the calendar month and such changes in his ownership as have occurred during such calendar month.

*(Formerly: Acts 1965, c.5, s.1.)*

#### **IC 27-2-10-2**

##### **Accounting for profits from short term equity trading; persons entitled to bring action; limitation of actions**

Sec. 2. For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director, or officer by reason of his relationship to such domestic stock insurance company, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such company within any period of less than six (6) months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the company, irrespective of any intention on the part of such beneficial owner, director, or officer in entering into such transaction of holding the security purchased or of not repurchasing the security sold for a period exceeding six (6) months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company, or by the owner of any security of the company in the name and in behalf of the company if the company shall fail or refuse to bring such suit within sixty (60) days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than two (2) years after the date such profit was realized. This section shall not be construed to cover any transaction where such beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the insurance commissioner by rules and regulations may exempt as not comprehended within the purpose of this section.

*(Formerly: Acts 1965, c.5, s.2.)*

### **IC 27-2-10-3**

#### **Short sales; time for delivery of securities sold**

Sec. 3. It shall be unlawful for any such beneficial owner, director, or officer, directly or indirectly, to sell any equity security of such domestic insurance company if the person selling the security or his principal (i) does not own the security sold, or (ii) if owning the security, does not deliver it against such sale within twenty (20) days thereafter, or does not within five (5) days after such sale deposit it in the mails or other usual channels of transportation; but no person shall be deemed to have violated this section if he proves that notwithstanding the exercise of good faith he was unable to make such delivery or deposit within such time, or that to do so would cause undue inconvenience or expense.

*(Formerly: Acts 1965, c.5, s.3.)*

### **IC 27-2-10-4**

#### **Exemption of dealers**

Sec. 4. The provisions of section 2 of this chapter shall not apply to any purchase and sale, or sale and purchase, and the provisions of section 3 of this chapter shall not apply to any sale, of an equity security of a domestic stock insurance company not then or theretofore held by him in an investment account, by a dealer in the ordinary course of his business and incident to the establishment or maintenance by him of a primary or secondary market (otherwise than on an exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a et seq.) for such security. The insurance commissioner may, by such rules as he deems necessary or appropriate and in the public interest, define and prescribe terms and conditions with respect to equity securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market.

*(Formerly: Acts 1965, c.5, s.4.) As amended by P.L.252-1985, SEC.132.*

### **IC 27-2-10-5**

#### **Exemption of arbitrage transactions**

Sec. 5. The provisions of sections 1, 2, and 3 of this chapter shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules as the insurance commissioner may adopt in order to carry out the purposes of this chapter.

*(Formerly: Acts 1965, c.5, s.5.) As amended by P.L.252-1985, SEC.133.*

### **IC 27-2-10-6**

#### **"Equity security" defined**

Sec. 6. The term "equity security", when used in this chapter, means any stock or similar security, or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security, or any

such warrant or right, or any other security which the insurance commissioner shall deem to be of similar nature and consider necessary or appropriate, by such rules as he may prescribe in the public interest or for the protection of investors, to treat as an equity security.

*(Formerly: Acts 1965, c.5, s.6.) As amended by P.L.252-1985, SEC.134.*

#### **IC 27-2-10-7**

##### **Exemption of sale of registered securities or securities in closely held corporation**

Sec. 7. The provisions of sections 1, 2, and 3 of this chapter shall not apply to transactions in equity securities of a domestic stock insurance company if:

- (a) such securities shall be registered, or shall be required to be registered, pursuant to section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 781), as amended; or
- (b) such domestic stock insurance company shall not have any class of its equity securities held of record by one hundred (100) or more persons on the last business day of the year next preceding the year in which equity securities of the company would be subject to the provisions of sections 1, 2, and 3 of this chapter except for the provisions of this subdivision.

*(Formerly: Acts 1965, c.5, s.7.) As amended by P.L.252-1985, SEC.135; P.L.3-1989, SEC.153.*

#### **IC 27-2-10-8**

##### **Powers of commissioner**

Sec. 8. The insurance commissioner shall have the power to make such rules as may be necessary for the execution of the functions vested in him by sections 1 through 7 of this chapter and may for such purpose classify domestic stock insurance companies, securities, and other persons or matters within his jurisdiction. No provision of sections 1, 2, and 3 of this chapter imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule of the insurance commissioner, notwithstanding that such rule may, after such act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason.

*(Formerly: Acts 1965, c.5, s.8.) As amended by P.L.252-1985, SEC.136.*

#### **IC 27-2-10-9**

##### **Construction of act**

Sec. 9. This chapter shall be construed as supplemental to IC 27-1.  
*(Formerly: Acts 1965, c.5, s.9.) As amended by P.L.252-1985, SEC.137; P.L.11-1987, SEC.30.*